

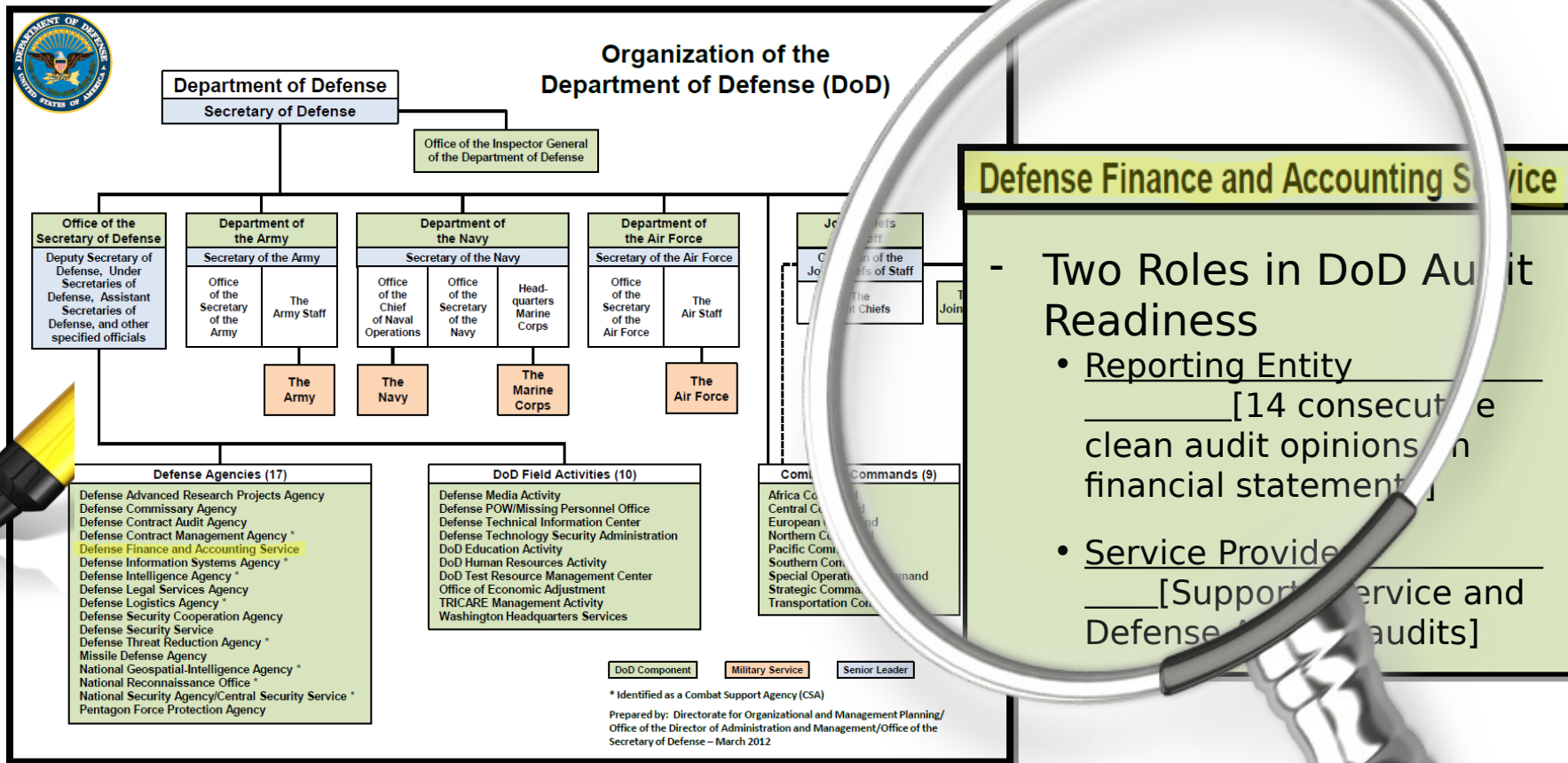


DoD Audit Readiness- ***The DFAS Role***

Defense Finance and Accounting Service



The Bigger Picture - Department Audit Readiness



The DFAS Role in Audit Readiness - Reporting Entity



Department of Defense

DFAS Auditable Financial Statements

Independent Public Accountant

DFAS

Audit Efforts

- Processes
- Systems
- People

- Validated effective internal controls for our:

- processes
- systems

- Documentation that is:

- sufficient
- current
- Accessible

- Workforce that is:

- trained
- knowledgeable

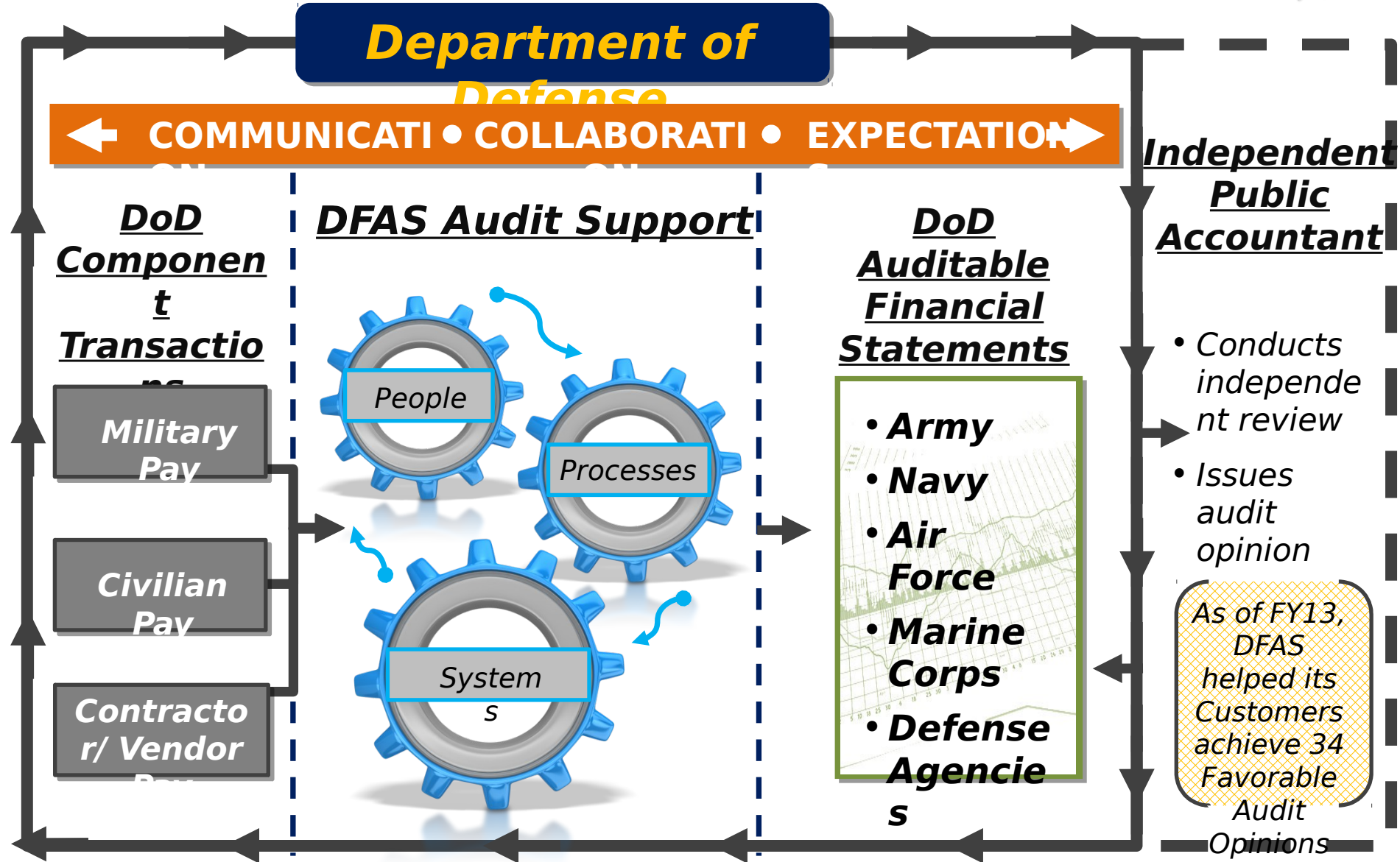
- Conducts independent review

- Issues audit opinion

DFAS has received 14 consecutive clean audit opinions



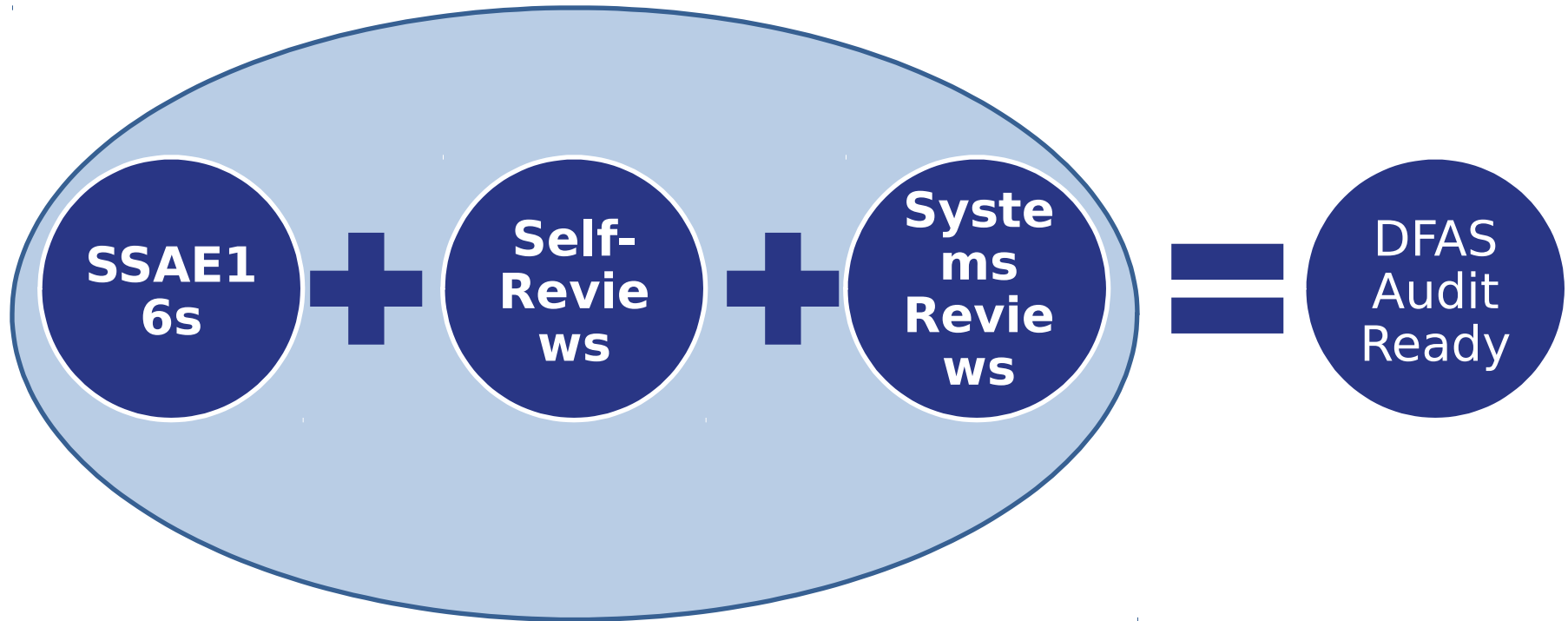
The DFAS Role in Audit Readiness - Service Provider



DFAS Audit Readiness - Strategic Approach



As a service provider, with multiple customers, systems, and processes, this is how DFAS efficiently and effectively supports the Department's audit readiness goals.



DFAS Audit Readiness - Key Milestones & Successes



FY10 -



FY12



FY13



FY14

Secretary of Defense Accelerates Audit Readiness (AuR) Timelines Auditable Statement of Budgetary Resources required by FY14

DFAS Director Initiates Call to Action
DFAS implemented enterprise-wide audit readiness program to support DoD objectives and collaborate with customers

DFAS supported

- 16 **unqualified** customer audit opinions
- 3 **qualified** customer audit opinions

DFAS Established AuR Senior Steering Committee Establishes and inculcates Agency-wide audit readiness strategic direction

DFAS supported

- 6 **unqualified** customer audit opinions
- 4 **qualified** customer audit opinions

DFAS achieved

- 1 **qualified** SSAE16 opinion (*civilian pay*)

DFAS Implemented Agency-wide Training Program
Instilled understanding and accountability throughout entire workforce

DFAS supported

- 4 **unqualified** customer audit opinions
- 1 **qualified** customer audit opinion

DFAS achieved

- 3 **unqualified** SSAE16 opinions (*civilian pay, contract pay and*
- 1 **qualified** SSAE16 opinion (*military pay*)

- Sustain SSAE-16 favorable audit opinions
- Support our customer's assertions on the Schedule of Budgetary Activity
- Continue training workforce on audit preparedness

14 Consecutive Unqualified Audit Opinions on DFAS, the entity, Financial Statements



The Future - Audit Steadiness

